

EN

ANNEX

Legal basis:

Council Regulation (EC) No 389/2006 of 27 February 2006 establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community and amending Council Regulation (EC) No 2667/2000 on the European Agency for Reconstruction.

Work Programme for 2017:

Beneficiary	Turkish Cypriot community
CRIS/ABAC Commitment references	TCC/2017/040-596, SCR.DEC. XXXXXXXX.XX
Total cost	EUR 34 836 240
Union contribution	EUR 34 836 240
Budget line	13 07 01
Management Modes/ Entrusted Entities	Direct management by the European Commission Indirect management by entrusted entities: United Nations Development Programme British Council
Final date for concluding procurement and grant contracts	3 years following the date of validation of the budgetary commitment
Final date for contract implementation	6 years following the date of validation of the budgetary commitment, with the following exception: 7 years following the date of validation of the budgetary commitment for works contracts under the Local Infrastructure Facility , where the works concerning infrastructures justify a longer implementation period
Final date for programme implementation (date by which this programme should be de-committed and closed)	10 years following the date of validation of the budgetary commitment
Programming and Implementing Unit	SRSS.05 Cyprus Settlement Support

1.1. Introduction

This 2017 Annual Action Programme concerns the continuing implementation of the Aid Programme for the Turkish Cypriot community on the legal basis of Council Regulation (EC) No 389/2006, the "Aid Regulation", which establishes an instrument of financial support for encouraging the economic development of the Turkish Cypriot community (TCc). Between 2006 and the end of 2016, EUR 450 000 000 was programmed for operations under this Regulation.

On the basis of the objectives, as laid down in Article 2 of the "Aid Regulation", this Action Programme contains the actions to be financed and the budget breakdown for the year 2017 as follows:

- **for grants implemented under direct management (1.2): EUR 8 000 000**
- **for procurement implemented under direct management (1.3): EUR 18 836 240**
- **for actions implemented under indirect management modes (1.4): EUR 8 000 000**

The overall objective of the Aid Programme is to facilitate the reunification of Cyprus by encouraging the economic development of the TCc, with particular emphasis on the economic integration of the island, on improving contacts between the two communities and with the EU, and on preparation for the *acquis communautaire*. The objectives, as laid down in Article 2, are:

1. *The development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply;*
2. *The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development;*
3. *Reconciliation, confidence-building measures, and support to civil society;*
4. *Bringing the Turkish Cypriot community closer to the Union, through inter alia information on the European Union's political and legal order, promotion of people to people contacts and Community scholarships;*
5. *Preparation of legal texts aligned with the *acquis communautaire* for the purpose of these being immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem; and*
6. *Preparation for implementation of the *acquis communautaire* in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession.*

The political process under the auspices of the UN for the settlement of the Cyprus problem was effectively re-launched during the summer of 2015. The Commission has stepped up its efforts in support of this process and in preparation for a settlement – both through supporting the UN-led bi-communal settlement process and by supporting the Turkish Cypriot community through the Aid Programme.

The Aid Programme is intended only to be an instrument of an exceptional and transitional nature and the Commission continues to hope for a breakthrough that will lead to a comprehensive settlement. In this event, assistance of a different form will be required. Council Regulation No 1311/2013, laying down the Multi-Annual Framework 2014-20, allows for its own revision¹ and Article 11 of Council Regulation (EC) No 389/2006² allows for any necessary adaptations in this context.

The Commission has been pursuing the six objectives of the Aid Regulation since 2006, but subject to a comprehensive settlement, reunification may have a more immediate and far-reaching impact on some sections of the Turkish Cypriot community than on others. However, it is not possible, at this point in time, to fully anticipate settlement related needs in the planning of the Aid Programme. Some changes may be foreseen within the remit of the current programming – notably through a specifically dedicated Support and Settlement Facility – but it is likely that most needs would have to be addressed through future amendments or interventions in the event of a settlement.

The programme choices for 2017 reflect a renewed approach towards the programming of financial assistance under the Aid Programme, with a stronger settlement focus, political priority and screening based on ownership, as well as relevance and maturity of planned interventions. The underlying aim is to bring about more tangible and visible impacts in the priority areas, in line with the island-wide planning principle, where appropriate, and the overall objective of reunification. Hence, the 2017 programme provides a streamlined and compact set of actions, with 10 major project components and a needed degree of flexibility.

The 2017 programme takes into account input received from Turkish Cypriot stakeholders and from relevant evaluations and needs' assessments conducted prior to the programming exercise. The views of the authorities of the Republic of Cyprus were also taken into consideration. In addition, the programme choices take due account of the findings of other technical processes outside the context of this Regulation, including the works of the bi-communal Ad Hoc Committee on EU Preparation and the related *acquis* presentations and fact-finding mission reports carried out by Commission experts from several Directorates-General within the framework of the latest round of talks between the leaders in Cyprus.

Aside from the EU-financed Aid Programme under Council Regulation 389/2006, support from other international donors such as USAID and the United Kingdom is being wound down.

¹ Council Regulation No 1311/2013 Art. 22: "In the event of the reunification of Cyprus between 2014 and 2020, the MFF shall be revised to take account of the comprehensive settlement of the Cyprus problem and the additional financial needs resulting from the reunification."

² Article 11: "**Event of a settlement.** In the event of a comprehensive settlement of the Cyprus problem, the Council shall, on the basis of a proposal from the Commission, decide unanimously on the necessary adaptations to this Regulation.

Objective 1: development and restructuring of infrastructure

Development and restructuring of infrastructure has been the major component of the Aid Programme, with more than a third of total resources allocated to this objective from 2006 to the end of 2016. Investments in the local infrastructure have been financed in the sectors of environment, water and wastewater, architectural restorations, recreational areas, and other social infrastructure, such as local community facilities.

The key priority of the 2017 programme is to continue supporting this type of infrastructure projects through a new instrument – Local Infrastructure Facility – encompassing three major components:

- i. financing of dedicated technical assistance to help assess the needs and, based on the call for expression of interest addressed to local communities, to help develop a pipeline of shortlisted and ready-to-tender projects;
- ii. funding of actual infrastructure works; and
- iii. funding of works supervision.

The Facility will help identify, screen, mature, prepare for tender, and implement local infrastructure investments, targeting the funding on competitive basis to ensure best value for money and providing support also to those communities with a lower technical and administrative capacity. This will in turn result in a greater positive impact on the standard of living of local populations and increase the visibility of EU interventions in the priority areas.

The new mechanism will allow the Commission to establish a platform of regular dialogue with the beneficiaries, which will translate into a more structured relationship, as well as an extended engagement with local communities and stakeholders. However, full ownership on the beneficiary side to facilitate and sustain the investment projects will remain key to their success.

The Facility will become the main entry point for infrastructure investments to be funded under the Aid Programme, providing for a transparent and efficient system for identification, selection, preparation, and implementation of infrastructure investments under the Aid Programme. The 2017 programme will include technical assistance and a works component for a total value of over EUR 10 500 000. As there is no up-front allocation foreseen for individual projects at this stage, the 2017 programme includes an indicative list of likely interventions.

In addition to the Local Infrastructure Facility, the 2017 programme will also cover the supply of air quality and wastewater monitoring equipment to detect and evaluate the damaging effects of heavy metals and to monitor and inspect the wastewater treatment facilities, thus contributing to protecting the environment and inhabitants from the harmful influence of pollutants (EUR 700 000).

Objective 2: promotion of social and economic development

The promotion of social and economic development has received nearly 30% of total Aid Programme resources since 2006. Further financial assistance is needed to support rural development and the education sector in particular.

In the northern part of Cyprus there are considerable advantages for a number of farm and processed food products, but the full potential in this area can only be achieved when the demanding EU hygiene and control requirements are met. In order to achieve this, improvements are needed in a range of areas from farm-, crop- and stock-management to hygiene by the food processors. Considerable work has been done already, or is ongoing, under the Aid Programme, including for the development of the Rural Development Sector Programme.

The highest priority measures in the above programme for the years 2014-2020, as developed by the TCc with the EU support, include measures to enhance knowledge transfer and to set up the Farm Advisory Services (FAS), as well as measures to facilitate farm and business development and to strengthen the dairy value chain. To this end, the 2017 programme will continue the technical assistance on FAS and include two grant schemes in support of rural development and the dairy sector (total EUR 6 200 000).

According to the strategic framework for European cooperation in education and training 2020, high quality education and training and the creation of lifelong learning opportunities are fundamental to Europe's success. Improving education and enhancing training opportunities are likewise critical factors for the social and economic development of the TCc. The 2017 programme will continue to support the development and implementation of the TCc strategies on vocational education, lifelong learning and employment, with a focus on improving future skills and competencies in the labour market through a tailor-made grant scheme for schools. The support will focus on funding actions with a potential to expand more broadly the results and the lessons learnt from the pilot school projects implemented to date (EUR 2 000 000).

Grant schemes will be structured so as to ensure better targeting, resulting in limited number of contracts, and to put more focus on achieving concrete results through larger and more substantiated actions.

Objective 3: reconciliation, confidence-building measures, and support to civil society

Support for confidence-building measures has been a successful and well-received element of the Aid Programme. The Commission has shown particular readiness to continue promoting these measures, including through substantial resources under the previous programmes that included *inter alia* the support for the opening of new Green Line crossing points.

For the continuation of its activities, the bi-communal Technical Committee on Cultural Heritage (TCCH) will receive an amount of EUR 3 000 000 under the 2017 programme. This significant contribution to island-wide restoration of monuments, mosques and churches includes a strong bi-communal and public awareness component. It raises the total budget dedicated to the TCCH since 2012 to nearly EUR 15 000 000.

The above support has produced highly visible output and allowed for the restoration of historically significant buildings for both communities. The delivery method of this support, through indirect management by the UNDP, is well-tested and has proved efficient. The tasks entrusted to UNDP include procurement, payments, project management, monitoring and ensuring visibility.

The operations of the Committee of Missing Persons (CMP), which has received an amount of EUR 2 600 000 under the 2016 programme, are fully secured until the end of 2018. Therefore, there is no need for additional resources under the 2017 programme. Any necessary funding will be earmarked under the 2018 programme. The Commission will ensure that there are no funding gaps.

Given the need to further strengthen the capacity of the Civil Society Organisations (CSOs) in the northern part of Cyprus, the 2017 programme will further support civil society through a technical assistance project and a tailor-made grant scheme to tackle the trafficking in human beings problem, to the tune of EUR 2 400 000.

Objective 4: Bringing the Turkish Cypriot community closer to the European Union

A successful vehicle in reaching the objective of bringing the TCc closer to the Union has been the EU scholarship programme. Since 2007, eight annual grant schemes have delivered over 1,000 grants to Turkish Cypriot students for studying in EU places of learning. There is always a great interest in these scholarship grants and the demand significantly outstrips supply. The scholarship programme provides vital experience and a route to qualifications abroad, whilst contributing positively to the image of the EU among Turkish Cypriots.

The British Council has been managing the scholarship programme since the academic year 2014 and is set to continue its operation under the 2017 programme, given the high quality in implementation over the years. The 2017 programme includes an allocation of EUR 5 000 000 to cover two academic years, 2019-2020 and 2020-2021, and award scholarships to around 300 Turkish Cypriot students, graduates and professionals. This edition will aim to better target the needs and gaps within the TCc.

The Info-point office carries out a range of communication and visibility functions related to EU policies and actions in support of the TCc. Existing funding is sufficient until 2019.

*Objectives 5/6: preparation of legal texts aligned with the *acquis communautaire* for the purpose of these being immediately applicable upon the entry into force of a comprehensive*

settlement of the Cyprus problem / preparation for implementation of the acquis communautaire in view of the withdrawal of its suspension in accordance with Article 1 of Protocol No 10 to the Act of Accession

The Aid Regulation specifically foresees assistance for preparing the implementation of the EU *acquis* and for preparing legal texts aligned with the EU *acquis* to be immediately applicable upon the entry into force of a comprehensive settlement of the Cyprus problem. In addition, the Commission is required to provide continued support for the implementation of Council Regulation 866/2004³ (the Green Line Regulation) and Commission Regulation 1480/2004⁴, thereby supporting the economic integration of the island.

The main instrument used by the Commission for preparing the implementation of the EU *acquis* is the Technical Assistance and Information Exchange instrument (TAIEX). This instrument enables experts to be sent from EU Member States to the TCc to explain the *acquis*, hold awareness seminars, prepare draft legal texts to be applicable after settlement, and provide technical assistance.

The resources allocated to TAIEX in the previous years are sufficient to cover the needs until the end of 2018. Therefore, there is no need for an additional allocation under the 2017 programme.

Support and Settlement Facility

The 2017 programme includes also a Support and Settlement Facility (EUR 5 000 000) from which resources can be mobilised to take advantage of new emerging opportunities and to facilitate new initiatives arising from the settlement process, which the EU undertakes to support. Support interventions may be necessary at short notice in any of the objectives covered by the Aid Programme and the availability of resources for this purpose is essential to support the settlement process.

Within the framework of the reunification process and the potential for political agreement, the Commission must be ready to deploy resources as opportunities arise. These initiatives cannot be clearly identified at this programming stage. Finally, the Support and Settlement Facility may finance supporting studies and highly relevant preparatory work for future but not-yet mature actions, in areas such as veterinary, food safety and/or market surveillance.

³ Council Regulation (EC) No 866/2004 of 29 April 2004 on a regime under Article 2 of Protocol 10 to the Act of Accession

⁴ Commission Regulation (EC) No 1480/2004 of 10 August 2004 laying down specific rules concerning goods arriving from the areas not under the effective control of the Government of the Republic of Cyprus in the areas in which the Government exercises effective control

1.2. Grants

The objectives of the Aid Regulation, which are implemented through calls for proposals in the Action Programme 2017, are the following:

- *The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development (Objective 2 of the Aid Regulation); and*
- *Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation).*

1.2.1. Support to agriculture and rural development (Objective 2 of the Aid Regulation)

Priorities of the year [1], objectives pursued [2] and expected results [3]

[1] Support to agriculture and rural development;

[2] Strengthening the agriculture value chain, including the dairy component;

[3] (a) Support for the TCc dairy sector Action Plan: the dairy value chain is strengthened through grant support to dairy producers (particularly sheep and goat breeders) with the objectives of: (i) investing in farm assets that can improve yields and quality of milk; (ii) assisting in the application of bio-security measures and good farming practices, including animal welfare; (iii) helping to meet the EU food safety and animal health standards; and (iv) meeting requirements for quality schemes, such as the PDO (Protected Designation of Origin) for Halloumi/Hellim;

(b) Support for the Rural Development Programme: modernisation of agricultural holdings and agro-processing facilities through investment in physical assets linked to production, processing and marketing of agricultural produce and support for investment in creation and development of non-agricultural activities.

Description of the activities to be funded

One of the continuous themes in the assistance to the TCc is the strengthening of the agriculture value chain. Against a background of wide-ranging needs, resources should be focused on priority areas, where the future *acquis* compliance is difficult to achieve or where the impact of improvements will be of greatest economic benefit. The 2017 Aid Programme will therefore provide grant funding as described below:

(a) Support for the TCc dairy sector Action Plan

In line with (EC) 866/2004, trade across the Green Line of products of animal origin is not allowed, except for honey and fresh fish. The TCc has developed a dairy sector Action Plan covering the inter-related aspects of animal husbandry and health, milk collection and food safety, feed production, producer organisations, pricing and incentives/compensation/penalties to producers for the application of bio-security measures and good farming practices (for

animal-health management; animal addition and movement; management and sanitation of holdings; and personnel, visitors, vehicles and equipment). The preparation of this Action Plan has received support from the EU under the Aid Programme.

To complement existing support measures to the dairy sector, such as animal disease prevention and control and safe management of animal by-products, and to contribute to the implementation of the dairy sector action plan, grants amounting to EUR 2 500 000 will be provided to: (i) dairy operators, especially those breeding sheep and goats, to invest in farm assets that can improve milk yields and milk quality, to assist the dairy operators in the application of bio-security measures and good farming practices, including animal welfare, and to comply with EU requirements in terms of animal health, animal welfare, and food safety; and (ii) Halloumi/Hellim producers in order to support their efforts to enhance the cheese value chain and conformity to PDO rules.

(b) Support for the Rural Development Programme

With help from TAIEX experts, the TCc has developed a Rural Development Programme for the period 2014-2020, in line with the Regulation for the European Agricultural Fund for Rural Development. Under this programme, further grants amounting to EUR 2 500 000 are planned for measures to increase the competitiveness and efficiency of farms and food processors, including investment support to upgrade the physical assets of holdings and establishments, and investment for the creation and establishment of non-agricultural activities.

Essential eligibility, selection and award criteria

Eligibility criteria: Applicants must be established in the northern part of Cyprus. Entities may be natural or legal persons.

Selection criteria: Financial and operational capacity of the applicant (sufficient capable staff and sound financial records).

Award criteria: Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

Implementation

The actions will be implemented directly by the Commission

Indicative timetable and indicative amount of the call for proposals

Reference	Date	Amount
Dairy sector	Q2 2018	EUR 2 500 000

Rural Development Programme	Q2 2018	EUR 2 500 000
-----------------------------	---------	---------------

Maximum possible rate of co-financing of the eligible costs

85%

1.2.2. Support for innovation in education (Objective 2 of the Aid Regulation)

Priorities of the year [1], objectives pursued [2] and expected results [3]

[1] Support for innovation and change in education (school education and adult education/life-long learning);

[2] Contribute to the implementation of the three strategies (vocational education strategy, lifelong learning strategy, and employment strategy) in the TCc for enhancing education and employment opportunities and contributing to inclusive economic growth; and

[3] Improve teaching and learning methodologies, increase the number and quality of life-long learning opportunities, and improve labour market flexibility.

Description of the activities to be funded

Improving education and enhancing training opportunities is a fundamental factor for the social and economic development of the TCc. Since 2008, the Aid Programmes have directly supported schools and financed vocational training and lifelong learning programmes in order to contribute to inclusive economic growth in the TCc. In particular, technical assistance funded by the Aid Programmes (including technical assistance from the World Bank), is supporting the TCc in improving the qualifications framework as well as in developing and implementing a vocational education strategy, a lifelong learning strategy and an employment strategy.

The 2017 programme will continue to support the implementation of the above-mentioned strategies. In particular, it will focus on improving the future skills and competencies in the labour market by promoting innovation in education (inter alia by changing learning methodologies and enhancing the use of IT tools), and improving employability by creating lifelong learning opportunities that will be guided by policy strategies as well as by the needs of the private sector.

The support will focus on funding actions with a potential to expand the results from pilot school projects implemented through previous grant programmes to a broader level. It will thus aim at impacting general curricula development and aligning overall teaching and learning methodologies with best EU practices.

The support will be provided through a call for proposals.

Essential eligibility, selection and award criteria

Eligibility criteria: Applicants must be established in the northern part of Cyprus. Entities may be natural or legal persons.

Selection criteria: Financial and operational capacity of the applicant (sufficient capable staff and sound financial records).

Award criteria: Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

Implementation

The actions will be implemented directly by the Commission

Indicative timetable and indicative amount of the call for proposals

Reference	Date	Amount
Innovation and change in education	Q2 2018	EUR 2 000 000

Maximum possible rate of co-financing of the eligible costs

90%

1.2.3. Support to civil society in preventing and addressing trafficking in human beings (THB) (Objective 3 of the Aid Regulation)

Priorities of the year [1], objectives pursued [2] and expected results [3]

[1] Eradicate trafficking in human beings in the northern part of Cyprus;

[2] Prevent and address trafficking in human beings; increase knowledge of and effective and coordinated response to all forms of trafficking in human beings;

[3] Reduce trafficking in human beings through enhanced coordination and cooperation among key actors and policy coherence, enhanced cooperation between Civil Society Organisations (CSOs) from across Cyprus on anti-trafficking actions, greater public awareness on labour and sexual exploitation and other forms of trafficking, and measures implemented to prevent all forms of trafficking.

Description of the activities to be funded

The EU Charter on Fundamental Rights (Article 5 (3)) expressly prohibits trafficking in human beings (THB). THB is a grave human rights violation and a serious form of organised crime rendering high profits for traffickers.

In the northern part of Cyprus, CSOs are leading the combat against trafficking in human beings and need to be further empowered to do so. Supporting the CSOs' actions against trafficking in human beings (THB) through grant funding and technical assistance to comply to EU policies (EU Strategy towards the eradication of trafficking in human beings) and to the relevant EU legal framework (Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims) is in line with objectives 3 and 5 of the Aid Regulation. Furthermore, the EU anti-trafficking framework considers civil society as equal partners in efforts to address this heinous crime.

A TAIEX mission to define the crime of trafficking in human beings took place in mid-2013 and a two-day workshop to present the EU policies on THB vis-à-vis the situation in the northern part of Cyprus took place late in 2016.

Further action is foreseen on combatting THB in the 2017 programme, through a new call for proposals. This will reinforce confidence between the two communities as well as strengthening the readiness to apply the relevant EU *acquis* upon the entry into force of a comprehensive settlement.

In particular – through this new grant scheme – the following non-exhaustive list of actions may be funded:

- Actions aiming to establishing a multi-stakeholder platform of relevant stakeholders to work together to fight against THB;
- Actions supporting the development of legal texts in prevention of trafficking and related exploitation, protection of victims and prosecution of traffickers, including raising awareness and advocacy for adopting legal texts on THB aligned with the EU *acquis*;
- Actions addressing demand that fosters all forms of exploitation, as a means of prevention, as per Article 18 of the Directive 2011/36/EU;
- Actions involving the organisation of public awareness campaigns to change the attitudes/perception on THB (risks factors, root causes, consequences, legal provisions); organisation of debates and public events to change the attitudes/perception on THB (competitions, round tables) in schools, high schools and higher education establishments; and actions addressing a reduction in the demand for sexual services, through raising awareness amongst the specific target groups (consumers);
- Provision of appropriate training to all the relevant actors in the identification of victims of trafficking;
- Exchanges of experience and joint actions with relevant organisations and CSOs in

order to improve the technical capacity of local stakeholders with the aim of establishing the components of an anti-trafficking system in the northern part of Cyprus.

Essential eligibility, selection and award criteria

Eligibility criteria: Applicants shall be a Civil Society Organisation or a local community, as mentioned in Council Regulation (EC) No 389/2006, as defined by Article 43 of the Rules of Application of the EU Financial Regulation.

Selection criteria: Financial and operational capacity of the applicant (sufficient and capable staff and/or volunteer and sound financial records).

Award criteria: Relevance, effectiveness and feasibility, sustainability and cost-effectiveness of the action.

Implementation

The actions will be implemented directly by the Commission

Indicative timetable and indicative amount of the call for proposals

Reference	Date	Amount
Support to Civil Society	Q1 2018	EUR 1 000 000

Maximum possible rate of co-financing of the eligible costs

95%

1.3. Procurement

The objectives of the Aid Regulation, which are implemented through procurement procedures in the Action Programme 2017, are the following:

- *The development and restructuring of infrastructure, in particular in the areas of energy and transport, the environment, telecommunications and water supply (Objective 1 of the Aid Regulation);*

- *The promotion of social and economic development including restructuring, in particular concerning rural development, human resources development and regional development (Objective 2 of the Aid Regulation); and*
- *Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation).*

In addition, under the Aid Regulation, assistance may also be used to cover in particular the costs for support and settlement-related activities.

1.3.1. Technical assistance to Local Infrastructure Facility (Objective 1 of the Aid Regulation)

Subject matter of the contract envisaged

Turkish Cypriot local communities are a valuable partner in the implementation of EU projects as they provide a front-line service to local populations. However, their capacity is very limited both financially and in terms of human resources capacities. They have restricted opportunities to improve the level of their basic infrastructures such as sewerage networks, sports and recreation facilities, cultural centres and/or parks and cycling paths. Furthermore, their own administrative capacities to satisfactorily prepare such infrastructure projects for successful implementation are fairly limited while the needs in this respect are growing.

The overall objective of this contract will be to help the local communities prepare infrastructure investments, which can be further financed under the Local Infrastructure Facility. More specifically, the technical assistance provided by a team of experts/engineers is to focus on: (i) identifying and collecting project proposals for priority local infrastructure investments; (ii) screening and shortlisting of already submitted project proposals for further preparation; and (iii) bringing the selected projects to maturity and preparing the tender dossiers.

The project ideas will be collected through an expression of interest targeting all local communities in the TCc, following the dialogue with the communities and common identification of needs. The screening process will be conducted in an objective manner and based on the following criteria: strategic relevance, priority planning, impact, maturity, sequencing, track record, investment sustainability, bi-communality aspect, island-wide planning, where appropriate, reunification oriented, joint action and search for synergy with other local communities, and EU additionality. The shortlisted projects will then be matured in terms of the needed feasibility studies, environmental impact assessments, sustainability analyses and/or property checks. Finally, they will be prepared for tender, with designs, technical specifications, bills of quantities, etc.

The logic of this technical assistance contract embraces a step towards a fairer distribution of EU funds to beneficiaries and also support to those local communities with a lower competence to mature and implement projects. The overarching intention is therefore to create a level playing-field rather than only rewarding those stakeholders with good internal capacity

to implement and manage infrastructure. At the same time, the Commission will take account of the advancement of projects and efforts undertaken to this end by the respective local communities. This approach should ultimately trigger positive competition and ensure that only the most relevant, well-prepared and impact-oriented projects are financed by the EU.

As a result, a pipeline of ready-to-tender works projects will be available to support local communities in their efforts to provide better services to the local populations and to ensure good value for EU funding under the Aid Programme.

Type of contract and type of procurement

Service contract

Indicative amount per contract

EUR 2 500 000 (for a 3-year period)

Indicative number of contracts envisaged

1 service contract

Indicative timeframe for launching the procurement procedure

Q1 2018

Implementation

The action will be implemented directly by the Commission

1.3.2. Local Infrastructure Facility (Objective 1 of the Aid Regulation)

Subject matter of the contract(s) envisaged

Investments in the local infrastructure have been a cornerstone of the Aid Programme since the start of its implementation; they aim at developing and restructuring the infrastructure for the benefit of the local communities. Projects that have been financed thus far cover, amongst others, the sectors of environment, water and wastewater, architectural renovations, cultural centres, recreational areas, and other social infrastructure.

The Local Infrastructure Facility is to become a framework mechanism, which will continue supporting such infrastructure projects, whilst bringing coherence and streamlining any infrastructure actions financed by the Aid Programme. It will also ensure that only prioritised and fully merited projects will be implemented. As a rule, the projects will be developed and prepared by the dedicated technical assistance as in point 1.3.1 above. The Local Infrastructure Facility will therefore become the main entry point for infrastructure

investments to be funded under the Aid Programme, which will in turn bring more impact and increase the visibility of EU interventions in the priority areas.

Furthermore, this mechanism will address the currently faced operational challenges that are further exacerbated by lack of capacity and resources on the beneficiary side, which leads to serious delays in the preparation of projects and bringing them to maturity. A better needs assessment and priority identification, as well as improved quality of preparatory work, will translate into smoother tender procedures and ultimately more successful project implementation. At the same time, this approach is resource- and cost-efficient. It allows for reducing the number of tenders, since several works can be tendered under a single procedure structured in lots.

Overall, the Local Infrastructure Facility will finance prioritised and shortlisted infrastructure projects, based on objective assessment criteria and ready in the pipeline. However, by the time the dedicated technical assistance as described in point 1.3.1 above is in place and fully operational, the Local Infrastructure Facility may finance certain already identified and highly relevant projects submitted by the local communities under the framework of the 2017 programming exercise and beyond.

This list of projects is only indicative and non-exhaustive; other mature infrastructure projects, which meet the relevant criteria, may also be considered exceptionally for financing. Accordingly, the following projects are indicatively proposed for financing under the 2017 programme. Ultimate decisions on projects to be funded will be made in line with the principles set out and within the dedicated financial envelope. The ultimate investment amount and precise project scope will be established at the final stage of project preparation.

(1) Pedieos River Rehabilitation Project

The overall objective of this project is to develop the Pedieos River area in such a way as to offer a green recreational area across the buffer zone for the inhabitants of both communities of Nicosia. In this way, it will reconnect the people of Nicosia with the river, whilst delivering a wide range of engagement activities to the local communities.

Project activities will include the improvement of existing and the creation of new walking paths and bike paths, the formation of natural riverbed and natural retaining walls, and other recreation facilities. Importantly, the riverbed will be arranged in such a way as to contain any flood risks.

The main beneficiaries of this project will be the Turkish and Greek Cypriot communities of Nicosia. The people of both communities suffer from a lack of green areas where they can socialize; this project will provide opportunities for them to satisfy such needs. The project area will serve all age groups.

The project estimate includes a feasibility study for the area and implementation on both sides

of and within the buffer zone.

(2) Walking and Cycle Paths around the Walled City of Nicosia

The overall objective of this project is to provide the inhabitants of Nicosia with environmentally sustainable ways to travel to work, stroll around the historic walls, and relax in a peaceful milieu. The creation of the cycle route and walking path around the Walled City of Nicosia is an ongoing project, some parts of which have already been implemented. However, there is a clear lack of a continuous route to connect the city.

The lack of open spaces in the Walled City deprives the inhabitants from living, socializing or travelling to work in a calm and relaxed environment. Inhabitants of the Walled City travel to other parts of the city for recreation or for cycling. Recent traffic figures indicate that the central area of the city faces traffic problems regarding the flow of traffic or lack of parking spaces. In fact, the general transportation policy of the Nicosia Master Plan and the Local Plan propose to contain vehicular traffic outside of the walls keeping the access to the historic centre free from traffic jams, protecting its existing character.

The main beneficiaries of this project will be the inhabitants of Nicosia from both communities. It is expected that young people in particular will benefit from the project as they are the ones who use bicycles most. However, the elderly living in the vicinity will also profit from the project as it will provide them with walking paths.

Accordingly, conditions will be created to allow people to perform most daily transportation and mobility needs with alternative forms of transportation, especially promoting the bicycle.

The project estimate includes preparation and implementation works for 2,450 meters of cycle/walking route.

(3) Reuse of treated wastewater for irrigation in Morphou/Güzelyurt

The overall objective of this project is to use treated waste water for irrigation purposes, which will in turn protect underground water resources. Currently, approximately 950 m³ of treated water is flowing unproductively each day.

Extensive water extraction from the Morphou/Güzelyurt aquifer (for drinking water and irrigation purposes) is causing salination and decreasing the quality of underground water. Due to the increasing salinity of the ground water, the quality of agricultural production is declining. Implementation of this project would not only provide added value to the local community and agricultural production, but it will also contribute to the protection of the aquifer.

The main beneficiaries of this project will be the inhabitants of Morphou/Güzelyurt (population of around 20,000). This project will also enable the local community of

Morphou/Güzelyurt to harmonise its wastewater management with the EU requirements regulated under the Water Framework Directive 2000/60/EC and other complementing directives. A design and feasibility study for this project was conducted in 2015.

The project estimate includes the construction of a 100,000 m³ capacity lagoon, approx. 3 km of main pipes and distribution points, and a pumping station.

(4) Mandres/Hamitköy Reservoir Recreation Area

The overall objective of this project should create a lacking sizable, environment-friendly recreation area within the boundaries of Nicosia,

The Mandres/Hamitköy Reservoir Recreation Area aims at providing opportunities for the inhabitants of Nicosia to rest, play and spend time in a peaceful environment. The project will bring dynamism and livelihood to an area of Nicosia that has been for long neglected. It will provide people of all age groups with an opportunity to participate in social activities, including organisation of bi-communal events.

In parallel to the large social impact, the project should bring positive environmental gains to the currently unattended wetland, which is vulnerable to being polluted by construction debris and in danger of silting of the reservoir. Nicosia will gain an aqueous recreation area, which will provide a tranquil environment and an enriching habitat for the beautiful flora and fauna of the Mandres/Hamitköy region. Planting of trees and plants will contribute to the much needed creation of a green belt around Nicosia Master Plan area.

The main beneficiaries of this environmentally sustainable park will be the Mandres/Hamitköy population and, more broadly, the inhabitants of the whole of Nicosia.

The project estimate includes the creation of an environmentally sustainable park, safe walking trails, bicycle trails, and recreational areas.

(5) Extension of the Famagusta wastewater treatment plant

The overall objective of this project is to double the capacity of the existing wastewater treatment plant.

The first phase of the wastewater treatment plant (WWTP) was constructed and handed over to the local community in Famagusta in 2013. The capacity of the first phase is 4,100 m³/day. The current load of 5,500 m³/day is already exceeding the design capacity. By constructing the second phase, the plant's capacity will reach 8,200 m³/day, in line with the 2006 Master Plan.

The extension of the wastewater treatment plant will also have a positive impact on the surrounding environment. At the moment, the treated effluent is discharged into the Famagusta freshwater lake (wetland).

The main beneficiaries of this project will be the urban inhabitants of Famagusta (population of around 50,000).

The Local Infrastructure Facility will aim to facilitate the reunification of Cyprus. In addition to the above indicative projects proposals, the Local Infrastructure Facility should also enable the bringing together of Turkish Cypriot and Greek Cypriot youth through the creation of sports and youth facilities notably in the buffer zone, but also elsewhere. These facilities should be multi-purpose and light structures, preferably outdoor, which provides for easier access as well as cost savings. They would serve as gathering points and stimulate daily contacts and interaction between youth from both communities.

Type of contract and type of procurement

Works contract(s)

Overall indicative amount

EUR 8 036 240

Indicative number of contracts envisaged

1 to 6 works contract(s)

Indicative timeframe for launching the procurement procedure

Q4 2018

Implementation

The action(s) will be implemented directly by the Commission

1.3.3. Supply of air quality and wastewater monitoring equipment (Objective 1 of the Aid Regulation)

Subject matter of the contract(s) envisaged

The TCc has established a monitoring laboratory for assessment of the contents of air pollutants such as carbon oxide, sulphur dioxides, nitrogen oxides, ozone and benzene in order to implement the requirements of EU directives on ambient air quality and cleaner air for Europe, which sets out the limit values for pollutants. However, the laboratory lacks equipment for assessing of the content of certain pollutants (arsenic, cadmium, mercury and polycyclic aromatic hydrocarbons) as requested by EU Directives 2008/50/EC and 2004/107/EC. Therefore, those cannot be fully implemented to ensure the required level of the air protection. Likewise, the Urban Wastewater Directive 91/271/EEC requires proper

monitoring and inspection of wastewater treatment facilities as well as minimum standards with regard to controls. More specialised equipment is, however, necessary to increase the ability to perform the needed checks on-site.

Hence, the purpose of this contract is to continue to assist the TCc in reaching the relevant standards in environment protection, notably in the field of air quality and wastewater treatment. As a result, the TCc should be able to control more effectively and report on fine particle matters and smoke emitted from industrial coal, charcoal and fuel oil used as heating components in businesses, houses, schools, and power plants. The TCc should also be able to properly monitor and inspect the wastewater treatment facilities according to EU standards. The needed specialised devices will help detect and evaluate the damaging effects of heavy metals and improve the capacities of the dedicated laboratories. Ultimately, they will contribute to protecting the environment and inhabitants from the harmful influence of pollutants.

This sector has already benefited from EU expertise in the framework of TAIEX assistance and the foreseen actions are fully compatible with the EU *acquis*. The supply tender is planned to be launched in 2 lots, covering the quality and wastewater monitoring equipment, respectively.

Type of contract and type of procurement

Supply contract

Indicative amount per contract

EUR 700 000

Indicative number of contracts envisaged

1 or 2 contracts (1 contract for 2 lots or 2 contracts for 1 lot each)

Indicative timeframe for launching the procurement procedure

Q1 2018

Implementation

The action(s) will be implemented directly by the Commission

1.3.4. *Technical assistance on local farm advisory services (Objective 2 of the Aid Regulation)*

Subject matter of the contract envisaged

The highest priority measures in the Rural Development Programme for the years 2014-2020 as developed by the TCc with EU support include measures to enhance knowledge transfer and to set up the Farm Advisory Services, as well as measures to facilitate farm and business development. The TCc has asked for support for implementing and monitoring this Programme, including through technical assistance.

A system of Farm Advisory Services (FAS) is being established through support provided under the 2013 programme; a technical assistance contract commenced in 2016 and its purpose is to prepare and implement a strategy for efficient local farm advisory services. Such services are fundamental for developing activities in the agricultural sector in the TCc, as well as for ensuring wider compliance with minimum agricultural and environmental standards and adopting good farming practices that preserve and protect the land and natural resources. This redresses the lack of adequate services available to the sector.

Continued support is required for the implementation of the FAS Strategy. The main activities will focus on: i) assisting the relevant Turkish Cypriot stakeholders to maintain a strategic approach to farm advisory services; and ii) the implementation of the strategy with the aim of extending the provision of services to a broader range of recipients covering all sectors (crop, animal husbandry, etc.). Turkish Cypriot stakeholders in charge of extension services will be assisted to provide technical assistance to farmers on topics including Mediterranean agriculture, the EU *acquis* in agriculture, farm management innovation and related practices to increase the income and the competitiveness of farms, and appropriate technical know-how.

The advisory services measure will serve as leverage to attract new farmers to apply for funding, promote new techniques and technologies, and improve the level of innovation across the sector.

Type of contract and type of procurement

Service contract

Indicative amount per contract

EUR 1 200 000 (for a 2-year period)

Indicative number of contracts envisaged

1 service contract

Indicative timeframe for launching the procurement procedure

Q1 2018

Implementation

The action will be implemented directly by the Commission

1.3.5. Technical assistance to support civil society (Objective 3 of the Aid Regulation)

Subject matter of the contract envisaged

As part of the Aid Programme to encourage the economic development of the TCc, the EU provides financial assistance to strengthen the role of civil society in the TCc and to promote EU values and a conducive environment for further development of trust, dialogue, co-operation and a closer relationship between the Turkish Cypriot and Greek Cypriot communities.

By supporting Civil Society in the northern part of Cyprus, the Aid Programme assists in the development of a fairer society based on respect for human dignity and human rights, freedom, democracy, equality, and the rule of law. Since 2007, the Commission has launched 6 calls for proposals for civil society in the northern part of Cyprus, for a total amount of EUR 12 000 000.

In parallel to the grant schemes, the Aid Programme funded two dedicated technical assistance projects for Turkish Cypriot CSOs: (i) the Civil Society Support Team (CSST) from 2008 to 2011; and (ii) the Civic Space from 2015 until early 2018 to help strengthen CSO capacities in various areas.

Further technical assistance for the civil society sector is foreseen in the 2017 programme to increase the capacity of CSOs and to strengthen their role and democratic engagement in the Turkish Cypriot community and within the EU. It also aims to increase collaboration and stimulate joint actions between Greek Cypriot and Turkish Cypriot NGOs and to foster cooperation, support and exchange of good practices with EU-wide NGOs and NGO networks.

The technical assistance to CSOs will promote people to people contacts and be implemented through:

- Civil-society help-desk services;
- "Active citizen mechanism", a facility for ad hoc support;
- Capacity development and training programme activities;
- Civil Society Forum;
- Communication strategy;
- Trust-building initiatives, partnership and networking events;
- Development and monitoring of a strategy on enabling environment for CS;
- Development of a favourable legislative framework for CSO operations; and
- Online database of CSO for cooperation and promotion of volunteerism;

Type of contract and type of procurement

Service contract

Indicative amount per contract

EUR 1 400 000 (for a 2.5-year period)

Indicative number of contracts envisaged

1 service contract

Indicative timeframe for launching the procurement procedure

Q1 2018

Implementation

The action will be implemented directly by the Commission

1.3.6. Support and Settlement Facility

Subject matter of the contracts envisaged

Under the Aid Regulation: *assistance may also be used to cover in particular the costs for supporting activities such as preliminary and comparative studies, training, activities linked to preparing, appraising, managing, implementing, monitoring, controlling and evaluation of assistance, activities linked to information and visibility purposes and costs for supporting staff, renting of premises and supply of equipment.*

In view of the on-going settlement process, the Support and Settlement Facility can play an important function by providing additional resources for upcoming unforeseeable needs and activities, which may facilitate the settlement process.

Various services of the Commission have been providing technical input to the bi-communal *ad hoc* Committee on EU preparation since 2015. More extensive technical assistance activities may be expected. The range of topics on which the two communities engage is very wide and will eventually encompass the whole of the *acquis*. Support actions may be necessary at short notice and the availability of resources for the purpose will be essential.

Finally, the Support and Settlement Facility will provide resources for visibility actions, evaluations, monitoring and audits, as well as other supporting studies and highly relevant project preparatory actions, for instance in the area of veterinary, food safety and market surveillance. Furthermore, it will provide resources for logistic support to the EU Programme Support Office (EUPSO) in the northern part of Nicosia, which houses the Commission staff

implementing the Aid Programme in the field.

Type of contract and type of procurement

Works/supply/service contracts

Overall indicative amount

EUR 5 000 000

Indicative number of contracts envisaged

10-20 works/supply/service contracts including Framework Contracts

Indicative timeframe for launching the procurement procedure

Q1 to Q4 2018

Implementation

The actions will be implemented directly by the Commission

1.4. Actions implemented through indirect management

The objectives of the Aid Regulation, which are implemented through indirect management in the Action Programme 2017, are the following:

- *Reconciliation, confidence-building measures, and support to civil society (Objective 3 of the Aid Regulation); and*
- *Bringing the Turkish Cypriot community closer to the European Union through inter alia information on the EU political and legal order, promotion of people to people contacts and Community scholarships (Objective 4 of the Aid Regulation).*

1.4.1. Support to the Technical Committee on Cultural Heritage (Objective 3 of the Aid Regulation)

Amount

EUR 3 000 000 (for a 2-year period)

Implementing entity

UNDP (United Nations Development Programme) according to Article 58(1)(c) of the Financial Regulation.

The UNDP, as a UN agency, has a unique, trusted, neutral role, which is recognised by the two sides and enables the smooth implementation of the planned activities. The Technical

Committee on Cultural Heritage (TCCH), through which the confidence-building measures are steered, was set up by the two leaders under the auspices of the UN. The project involves dealing with delicate sensitivities of both communities.

The UNDP has considerable expertise on cultural heritage protection in Cyprus. Up to and including 2016, allocations have been made for 5 Contribution Agreements (CAs) with the UNDP for providing support to the preservation of cultural heritage. The UNDP has a good track record in the implementation of these CAs and has built up a high level of efficiency considering the particular circumstances. Contributions to the TCCH have yielded great results since 2012, with an impact on 72 initiatives island-wide, increasing heritage-site visitation and intra-island exchanges, and engaging more than 6,000 Greek Cypriots and Turkish Cypriots, thus improving the perceptions of the general public vis-à-vis the other community. Events have been organized for each site intervention and the press coverage has been positive overall generating increased programme visibility.

The Commission has signed a Financial and Administrative Framework Agreement (FAFA) with the UN for use of the (PAGODA) Delegation Agreement form of contract.

Overall objective and purpose of the action

The overall objective of the project is to support the reconciliation process and to increase trust between the Greek Cypriot and Turkish Cypriot communities through the implementation of confidence-building measures agreed by the bi-communal TCCH. Confidence-building measures should be further encouraged by the important participation of bi-communal teams during the implementation of the projects. The specific objective is to preserve the cultural heritage of Cyprus by supporting conservation and/or emergency measures for highly important cultural-heritage sites agreed by the TCCH.

The bi-communal TCCH created a platform for work on the protection of the rich and varied cultural heritage island-wide. The Committee is composed of an equal number of Greek Cypriot and Turkish Cypriot experts. The work of the TCCH constitutes an important tool for building confidence between the Turkish Cypriots and the Greek Cypriots. The TCCH is dedicated to the identification and safeguarding of the rich immovable cultural heritage of all Cyprus and all of its communities; and it works towards providing a mutually acceptable mechanism for the implementation of practical measures for proper maintenance, preservation, physical protection and restoration of this immovable cultural heritage.

A 2010 study, requested by the European Parliament, examined conditions and estimated restoration costs, and an inventory of approximately 2,800 sites was established. Around 250 sites were ranked and about 120 detailed technical assessments were made. EU contributions under the Aid Regulation started in 2011 and, as speed and achievements of the programme have increased, its value for reconciliation has become more apparent. Not only are historic sites salvaged and restored, but they have been brought back to life and the level of interest

and bi-communal engagement has been high.

The TCCH agreed in 2011 on a list of 23 priority monuments (churches, mosques and others) to be renovated. The assistance programme started working according to this list, but the choice of projects depends on the condition of the monument at the relevant time and the priorities of the TCCH. The cultural heritage project also includes bi-communal activities and a strong public awareness component.

The EU will continue to support the TCCH: the 2017 programme includes an increased allocation for the TCCH considering the remarkable success in implementation of this project, its high appreciation by the local communities, and the significant reconciliation dimension. This allocation is to cover a nominal 2-year period of implementation.

The tasks entrusted to UNDP will all be implementation activities including: procurement, payments, project management, monitoring and ensuring visibility.

Expected results:

- Completed conservation designs for at least 15 sites ready for future implementation;
- Completed conservation works for up to 10 sites (number of sites will depend on budget availability and type of project);
- Management plan actions carried out for Famagusta;
- 40 bi-communal youth trained for the masonry crafts;
- 10 community involvement and participation events implemented; and
- Increased awareness amongst the general public and respect for the heritage sites of both communities in Cyprus.

1.4.2. *Scholarship programme for bringing the Turkish Cypriot community closer to the Union (Objective 4 of the Aid Regulation)*

Amount

EUR 5 000 000 (for a 2-year period)

Implementing entity

British Council according to Article 58(1)(c) of the Financial Regulation.

The British Council has been present in the northern part of Cyprus since 1975 and has been providing education and information services to Greek Cypriot and Turkish Cypriot communities since the 1930s. The Commission has already taken advantage of the British Council's broad expertise in the education sector within the Aid Programme.

The British Council indirectly managed the EU Scholarship programme for the TCc for the

academic years 2014-2016. Under the 2015 programme, the British Council has been further engaged through a Delegation Agreement to implement the Scholarship Programme for the following three academic years 2016-2017, 2017-2018 and 2018-2019.

As an implementing entity, the British Council has an excellent and continuously improving implementation track record, with a strong and long-lasting local presence and a selection process based on transparent and objective criteria. The British Council has developed an extensive information and promotion campaign using digital media as well as radio, newspapers and face-to-face 'Study in Europe' days, ensuring that the Scholarship Programme can continue its role as a popular vehicle for bringing the Turkish Cypriots closer to the Union.

The British Council is a pillar-assessed entity. The Commission has signed an Agreement with the British Council for use of the (PAGODA) Delegation Agreement form of contract.

Overall objective and purpose of the action

With a consistently strong level of appreciation, one of the ever-present features of the Aid Programme is the scheme awarding scholarships for university study or professional programmes elsewhere in the EU. These scholarships both provide experience and a route to qualifications abroad and contribute to a positive image of the EU among Turkish Cypriots.

The Scholarship Programme is addressed to individual beneficiaries and not to “universities” as such. The programme is conceived as a "sending programme", which means that studies of EU citizens at "universities" in the northern part of Cyprus are not covered. Applicants must have proven that sufficient knowledge of the language in which the studies in another EU Member State are being offered. Applicants are free to apply for any course or placement that supports the overall aims of the Aid Regulation.

The Scholarship Programme, by its nature, involves small grants to a large number of beneficiaries. Since 2007, eight annual grant schemes have delivered over 1,000 grants for study in EU places of learning. There is always a considerable interest in these scholarship grants and the demand for places significantly outstrips supply (in the year 2016-17 there were 475 applications and 152 awards). The application process has been consistently refined since 2007.

The grant categories covered are: (i) 1 academic year in an undergraduate programme of study; (ii) 1 academic year of post-graduate study (Master’s, PhD, Post-doctoral); (iii) short-term programmes of 2 to 6 month's duration for study, academic research or professional courses; and (iv) training programmes of 2 to 6 month's duration, including language studies.

Given its enormous success and the need to offer equal chances to Turkish Cypriot youth for personal development and education as well as exposure to European values and culture, the EU will continue to support the Scholarship Programme. The 2017 programme includes an

allocation to cover 2 academic years 2019-2021 and award scholarships to around 300 Turkish Cypriot students, graduates and professionals.

Expected results:

- Level of technical/professional skills raised;
- Better targeted needs/gaps within TC administration and economy;
- Positive impact on job interview performance;
- Improved understanding by TCs of the EU;
- TC contacts established with other EU citizens; and
- Improved knowledge of EU languages by beneficiaries.

1.5. Indicative budget table by Objective

Aid Regulation Objective	Procurement	Call for Proposals / Direct Grant Award	Indirect Management with IOs/MS Body	Totals	
	EUR	EUR	EUR	EUR	%
Objective 1: Development and restructuring of infrastructure				11 236 240	32
<i>TA to Local Infrastructure Facility</i>	2 500 000				
<i>Local Infrastructure Facility</i>	8 036 240				
<i>Supply of air quality and wastewater monitoring equipment</i>	700 000				
Objective 2: Promotion of social and economic development				8 200 000	24
<i>Support for RD programme and dairy sector action plan</i>		5 000 000			
<i>TA on local farm advisory services</i>	1 200 000				
<i>Support to education</i>		2 000 000			
Objective 3: Reconciliation and confidence building				5 400 000	16

<i>Support to cultural heritage</i> <i>Support to CSOs –</i> <i>Trafficking in human</i> <i>beings</i> <i>TA for civil society support</i>		1 000 000	3 000 000		
Objective 4: Bringing Turkish Cypriots closer to the Union <i>Scholarships</i>			5 000 000	5 000 000	14
Support and Settlement Facility	5 000 000			5 000 000	14
TOTAL	18 836 240	8 000 000	8 000 000	34 836 240	100

1.6. Assumptions and accompanying actions

There are several specific issues that must be resolved and agreed by relevant Turkish Cypriot community stakeholders before the 2017 programme can be fully implemented:

Objective 1: Development and restructuring of infrastructure

- All potential property-related issues must be identified, including site-access issues, planning consents and methods of working;
- It is assumed that relations with contractors in the northern part of Cyprus will be sufficiently smooth. Infrastructure investments remain a risk for the Commission, in terms of both implementation and sustainability. The Commission remains committed to infrastructure development as required by the Aid Regulation, but relies on the cooperation of beneficiaries for full commitment and absorption of funds;
- It needs to be ensured that bi-communal infrastructure projects in Nicosia are facilitated through necessary passages with access to civilians in the buffer zone in case of implementation of such projects; and
- It is assumed that a new crossing point for pedestrians/cyclists will be considered for opening in the eastern part of Nicosia Walled City for the full benefit of the planned project, in case of its implementation.

Objective 2: Promotion of social and economic development

- The actions leading to the implementation of the TCc dairy-sector action plan will require committed and continuous involvement of the beneficiaries. The many necessary technical improvements will be incorporated into the dairy-sector action plan;
- The implementation of the *Rural Development Programme* requires fulfilment of responsibilities by all involved actors;

- It is assumed that grant applications of sufficient quality will be generated by agricultural operators and schools.

Objective 3: Reconciliation and confidence building measures

- The bi-communal Technical Committee on Cultural Heritage will continue to meet regularly and to provide clear guidance on preferred priorities agreed by the two communities;
- The TCc will ensure that monuments renovated in the northern part of Cyprus are subsequently maintained and accessible to the public and returned to use where possible; and
- It is assumed that grant applications of sufficient quality will be generated by civil society organisations to tackle the trafficking in human beings problem.

Objective 4: Bringing Turkish Cypriots closer to the Union

- It is assumed that the high interest in studying and upgrading qualifications at EU Member States' academic institutions will be maintained amongst Turkish Cypriots and that applications of sufficient quality with required profiles will be submitted.

Data necessary for monitoring purposes will be made available by the Turkish Cypriot community, allowing the Aid Programme to contribute to the ultimate goal of reunification of the island.

1.7. Implementation modalities and general rules for procurement and grant award procedures

DIRECT MANAGEMENT:

Part of this programme shall be implemented through direct management by the Commission in accordance with article 58(1)(a) of the Financial Regulation and the corresponding provisions of its Rules of Application.

Procurement shall follow the provisions of Part Two, Title IV Chapter 3 of the Financial Regulation No 966/2012 and Part Two, Title II, Chapter 3 of its Rules of Application.

Grant award procedures shall follow the provisions of Part One Title VI and Part Two Title IV Chapter 4 of the Financial Regulation No 966/2012 and Part One Title VI and Part Two Title II Chapter 4 of its Rules of Application.

The International Federation of Consulting Engineers (FIDIC) conditions of contract shall be used for works contracts implemented through direct management.

The Commission may also use services and supplies under its Framework Contracts concluded following Part One of the Financial Regulation.

INDIRECT MANAGEMENT:

Part of this programme shall be implemented by indirect management with entrusted entities other than the beneficiary in accordance with Article 58(1)(c) of the Financial Regulation and the corresponding provisions of its Rules of Application.

The general rules for procurement and grant award procedures shall be defined in the relevant delegation agreements between the Commission and the entrusted entity implementing such action.

The change of management mode from indirect management to direct management, whether partially or entirely, is not considered a substantial change provided that all essential elements of the actions have been specified in the initial text of the financing decision.

MONITORING

The Commission may undertake any actions it deems necessary to monitor the programmes concerned.

EVALUATION

Programmes financed under Council Regulation 389/2006 shall be subject to ex ante evaluations, as well as interim and/or, ex post evaluations. The results of evaluations shall be taken into account in the programming and implementation cycle. The Commission may also carry out strategic evaluations.

1.8. *Special conditions*

In the implementation of actions financed under this Financing Proposal, the rights of natural and legal persons, including the rights to possessions and property shall be respected in line with Art 7 of Council Regulation 389/2006.

Nothing in this financing proposal is intended to imply recognition of any public authority in the areas, other than the Government of the Republic of Cyprus.

As regards participation in the award of procurement or grant contracts, the term "all natural and legal persons of Member States of the European Union in Article 9 paragraph 1 of Council Regulation 389/2006" includes all genuinely existing domestic legal persons residing or established in the areas. This will be specified in the calls for tenders and proposals.